

22 May 2017

**Keras Resources plc**  
**(“Keras” or the “Company”)**  
**Interim Results**

Keras Resources plc, the AIM listed mineral resource company, is pleased to announce its interim results for the six months ended 31 March 2017.

## **HIGHLIGHTS**

### **Development of a strategic multi-commodity mining portfolio:**

- Targeting listing of Australian gold assets on the ASX in June 2017 to establish a standalone listed entity on a market which has demonstrated significant interest for domestic resource projects:
  - Completed the acquisition of the Klondyke gold project (“Klondyke”) in October 2016, subsequently expanded to form the Warrawoona Gold Project (‘Warrawoona’);
  - Established significant gold inventory of 5.8Mt @ 2.2g/t gold for 410,000oz with significant further upside;
  - ASX quoted Pharmanet Group Limited (‘Pharmanet’) to acquire 100% of Keras Australia and change name to Calidus Resources (the “Transaction”);
  - Oversubscribed placing from sophisticated investors in Australia raised A\$620,000 for Pharmanet – underpinning support for the Transaction;
  - General meeting of Keras shareholders to be held in the UK on 24 May 2017 to approve the Transaction; and
  - Pharmanet to raise A\$7.9 million with the re-listing of Calidus Resources on the ASX in June 2017.
- Gaining exposure to the high-growth battery industry through the development of three complementary commodities in Togo: cobalt, nickel and manganese:
  - Awaiting mining licence for 11.0Mt @ 13.1% manganese Nayega project – seeking to develop an initial open-pit, 250,000tpa manganese operation;
  - Expanded mineral footprint through the application for five exploration licences, which have known cobalt and nickel mineralisation outcropping at surface:
    - Exploration underway;
    - Cobalt often reported as the most critical metal from a supply perspective for the battery industry – prices have increased 100% in the past six months.
- Capital raisings of £600,000 (before expenses) in February 2017 to support ongoing exploration work at Warrawoona, and, of £530,000 (before expenses) in April 2017 to support the Transaction and the Group’s manganese and cobalt projects.

### **Chairman’s Statement**

2017 to-date has been a year of change and development for Keras, centred around the planned listing of our Australian gold assets on the Australian Securities Exchange (‘ASX’), which we believe will realise the potential of the projects and accordingly realise the best value for our shareholders. Alongside this, we have diversified our project portfolio having identified a significant opportunity to capitalise on commodities that are critical to the future expansion of the growing battery

industry, which we believe are currently underrepresented – namely cobalt, nickel and manganese. With a restructured portfolio of strategic assets, I believe the remainder of 2017 is set to be equally active for the Company.

Looking first at the gold assets, I would like to take this opportunity to provide further information on our reasoning for listing our wholly owned subsidiary Keras (Gold) Australia Pty Ltd ('Keras Australia') on the ASX, through a shell company, Pharmanet Group Limited ('Pharmanet'). As shareholders will be aware, our primary focus over the past 12 months has been on advancing this gold portfolio both in terms of increasing our land holding and proving up the resource potential. I am pleased to report that we have had significant success in both respects, creating an enlarged Warrawoona Gold Project in the East Pilbara Gold Belt of the Pilbara Goldfield of Western Australia. Warrawoona has a total Inferred Mineral Resource Inventory of 5.8Mt @ 2.2g/t Au for 410,000oz with significant further upside. This includes Klondyke and the Copenhagen Deposit.

Whilst we continue to see significant potential for Warrawoona, we have held the view that these assets should be developed as a standalone entity, separate from our African interests. Furthermore, we hold the view that the ASX is a more suitable home for these assets. Accordingly, we set about identifying a suitable vehicle and structure to best realise value for shareholders.

As announced on 21 March 2017, ASX quoted Pharmanet has conditionally agreed to acquire 100% of Keras Australia in exchange for shares in Pharmanet and raise working capital on ASX. Assuming that the milestones specified in the agreement between Pharmanet and Keras are met, Keras will eventually own 724 million Pharmanet shares at an initial price of A\$0.02. By utilising Pharmanet and building in milestones to be achieved before part of our shareholding is issued, we are showing our belief in the assets to new shareholders and ultimately, will maximise value for all shareholders. Keras board members Dave Reeves and Peter Hepburn-Brown will be appointed to the Board of Pharmanet as Managing Director and Non-executive Director respectively. Pharmanet will also repay the majority of the liability under the Company's Acquisition Finance Facility, as summarised in the Company's announcement of 12 September 2016.

Our decision to enter into the Transaction is already proving well-founded. Pharmanet has received strong interest from investors interested in Warrawoona, with Pharmanet raising A\$620,000 before expenses (approximately £360,000) from sophisticated investors in Australia via an oversubscribed placing as announced on 18 April 2017. Pharmanet is now seeking to raise A\$7.9 million (approximately £4.6 million) to rapidly advance the project by way of a major drilling and exploration programme and initial Scoping Studies. We will continue to keep shareholders updated with progress relating to this, but are pleased that milestone developments continue to be met on time and Pharmanet remains on track to relist as Calidus Resources Limited in June 2017.

With a strong balance sheet, experienced board and a defined development strategy, we believe Calidus is set to become one of the few independent near term gold development companies on the ASX. Accordingly, I firmly believe our strategic interest in Calidus will offer significant value exposure to Keras whilst removing the burden of capital commitments for project development.

The Transaction requires the approval of Keras shareholders, and the General Meeting to consider such approval has been convened for Wednesday, 24 May 2017. At today's date, proxy votes received are overwhelmingly in favour of the Transaction.

Looking to Africa, Keras retains an 85% interest in the Nayega Manganese Project in Togo, which we are confident can deliver significant value in the near-term. The project has a JORC Code Compliant Indicated and Measured Resource of

11.0Mt @ 13.1% manganese and we have completed the majority of the Phase 1 Definitive Feasibility Study to develop an initial open-pit, 250,000tpa manganese operation. To enable this proposed development, we have applied for a Mining Permit and are currently awaiting the award of this.

Building upon the positive relations we have built with the Togo Government, we are delighted to have recently increased our mineral footprint in country having been granted five exploration licences over vacant ground that covers known cobalt and nickel mineralisation. Average rock chips from the mineralised zone have recovered grades of 0.82% nickel (“Ni”) and 0.19% cobalt (“Co”), with highs of 1.4% Ni and 0.25% Co. This equates to a 4.5g/t equivalent gold grade based on current metal prices.

We believe these new licences offer a strategic development opportunity for Keras, given current market dynamics which are placing significant demand on materials such as lithium, cobalt, nickel and manganese, which are critical to the rapidly growing battery market. Indeed, cobalt is often reported as the most critical metal from a supply perspective for this industry, with a substantial shortfall expected before 2020 unless additional capacity is bought online. Accordingly, prices have increased 100% in the past six months. With cobalt mineralisation already proven at our new licences, we hope to help address this supply/demand deficit. Initial exploration work consisting of mapping, sampling, trenching, alongside the compilation of historical data to prove up the resource potential is already underway, and we look forward to keeping the market updated with developments as we advance this exciting asset.

## **Financial Review**

Keras has recorded a total comprehensive loss for the 6 months ended 31 March 2017 of £1,308,000. The loss was mainly associated with a small operating loss from the Wycheproof open pit project and expensing of exploration administrative support expenditure. Finance costs of £432,000 related primarily to the Finance Agreement described below.

Intangible assets increased to £3.5m at 31 March 2017. The main reason for the increase being the acquisition of in October 2016 of Klondyke. Consideration for the Klondyke acquisition was settled via the payment of A\$1.42m (£0.8m) in cash, with the balance via the issue of 100,000,000 ordinary shares of 0.1p each (“Ordinary Shares”) in the Company, at a price of 0.62p being the closing price on 4 October 2016 (the “Consideration Shares”). The Consideration Shares are subject to standard lock in and orderly market terms. In order to fund the Klondyke acquisition the Company has entered into an Acquisition Finance Facility Agreement (‘Finance Agreement’) with a consortium of investors arranged by Riverfort Global Capital Ltd (the ‘Investors’). The total drawdown available before fees to the Company is US\$2m (£1.5m) (‘Principal Amount’) with a maturity date six months after the initial drawdown at an interest rate of 10% per semi-annum, with a Commitment Fee and an Implementation Fee of 5% each. As announced on 28 April 2017, pursuant to the Company’s plan to list the Australian gold assets on the ASX, the repayment date of this facility had been extended to 1 July 2017.

In February 2017 Keras completed an equity raising of £600,000 (before expenses) to support ongoing exploration work at Warrawoona. Since the end of the period a further equity raising of £530,000 (before expenses) has been completed to provide working capital for the manganese and cobalt projects in Togo as well as costs relating to the Transaction.

## **Outlook**

With exposure to cobalt, nickel and manganese, our African licences provide investors with strategic access to the high growth battery market. Alongside this, our plans to list our Australian gold assets in a standalone ASX quoted company provides a clear structure through which we can gain significant value exposure. With multiple value upside triggers and

diverse commodity exposure combining the “safe-haven” of gold with the burgeoning battery market I believe Keras is well poised for growth.

We look forward to continuing to keep shareholders abreast of developments as we enter this next phase of our growth. I would like to thank our investors for their support and our board and management team for their consistent hard work.

**Brian Moritz**

Chairman

22 May 2017

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

**\*\*ENDS\*\***

For further information please visit [www.kerasplc.com](http://www.kerasplc.com), follow us on Twitter @kerasplc or contact the following:

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 MARCH 2017

	31-Mar-17 (unaudited) £'000	Re-presented 31-Mar-16 (unaudited) £'000	Re-presented 30-Sep-16 (audited) £'000
<b>Continuing operations</b>			
Revenue	941	-	1,936
Cost of sales	(1,048)	-	(2,242)
<b>Gross profit</b>	<u>(107)</u>	<u>-</u>	<u>(306)</u>
Administrative and exploration expenses	(604)	(615)	(1,223)
<b>Loss from operating activities</b>	<u>(711)</u>	<u>(615)</u>	<u>(1,529)</u>
Finance income	-	40	-
Finance costs	(432)	(416)	(486)
<b>Net finance costs</b>	<u>(432)</u>	<u>(376)</u>	<u>(486)</u>
Impairment of assets	-	-	(10)
<b>Loss before taxation</b>	<u>(1,143)</u>	<u>(991)</u>	<u>(2,025)</u>
Taxation	-	135	(117)
<b>Loss from continuing operations</b>	<u>(1,143)</u>	<u>(856)</u>	<u>(2,142)</u>
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	7 (3)	(61)	(97)
<b>Loss</b>	<u>(1,146)</u>	<u>(917)</u>	<u>(2,239)</u>
<b>Other comprehensive income</b>			
Exchange translation on foreign operations	(162)	167	95
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<u>(162)</u>	<u>167</u>	<u>95</u>
<b>Total comprehensive loss for the period</b>	<u>(1,308)</u>	<u>(750)</u>	<u>(2,144)</u>
<b>Loss attributable to:</b>			
Owners of the Company	(2,055)	(894)	(2,211)
Non-controlling interests	909	(23)	(28)
<b>Loss for the year</b>	<u>(1,146)</u>	<u>(917)</u>	<u>(2,239)</u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(2,196)	(718)	(2,075)
Non-controlling interests	888	(32)	(69)
<b>Total comprehensive loss for the year</b>	<u>(1,308)</u>	<u>(750)</u>	<u>(2,144)</u>
<b>Loss per share – continuing operations</b>			
Basic and diluted loss per share (pence)	(0.135)	(0.076)	(0.176)

**KERAS RESOURCES PLC**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Notes	31-Mar-17 (unaudited) £'000	31-Mar-16 (unaudited) £'000	30-Sep-16 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	8	3,491	2,361	2,041
Property, plant and equipment	10	41	34	51
Trade and other receivables	11	29	145	29
		<u>3,561</u>	<u>2,540</u>	<u>2,121</u>
<b>Current assets</b>				
Inventory	12	-	-	604
Trade and other receivables	11	26	75	200
Cash and cash equivalents		143	155	134
		<u>169</u>	<u>230</u>	<u>938</u>
<b>Total assets</b>		<u>3,730</u>	<u>2,770</u>	<u>3,059</u>
<b>Equity</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	13	6,494	5,983	6,123
Share premium	13	8,849	6,427	7,666
Other reserves		(31)	260	(339)
Retained deficit		(14,591)	(11,597)	(12,387)
		<u>721</u>	<u>1,073</u>	<u>1,063</u>
Non-controlling interests		(142)	(693)	(730)
<b>Total equity</b>		<u>579</u>	<u>380</u>	<u>333</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	14	2,011	1,036	1,136
Trade and other payables	15	1,140	1,354	1,590
		<u>3,151</u>	<u>2,390</u>	<u>2,726</u>
<b>Total liabilities</b>		<u>3,151</u>	<u>2,390</u>	<u>2,726</u>
<b>Total equity and liabilities</b>		<u>3,730</u>	<u>2,770</u>	<u>3,059</u>

## KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	Total attributable to owners of the Company						Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Foreign exchange reserve £'000	Accumulate d losses £'000	Total £'000		
Balance at 1 October 2015 (audited)	5,504	6,371	250	273	(11,275)	1,123	(661)	462
Loss for the period	-	-	-	-	(894)	(894)	(23)	(917)
Total other comprehensive income	-	-	-	(146)	322	176	(9)	167
<b>Total comprehensive loss for the period</b>	-	-	-	(146)	(572)	(718)	(32)	(750)
Issue of ordinary shares	479	56	-	-	-	535	-	535
Transfer reserve on cancellation of options	-	-	(250)	-	250	-	-	-
Warrants issued in lieu of finance costs	-	-	133	-	-	133	-	133
	479	56	(117)	-	250	668	-	668
<b>Balance at 31 March 2016 (unaudited)</b>	<b>5,983</b>	<b>6,427</b>	<b>133</b>	<b>127</b>	<b>(11,597)</b>	<b>1,073</b>	<b>(693)</b>	<b>380</b>

## KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Total attributable to owners of the Company							Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000			
Balance at 1 April 2016 (unaudited)	5,983	6,427	133	127	(11,597)	1,073	(693)	380	
Loss for the period	-	-	-	(839)	(478)	(1,317)	(5)	(1,322)	
Total other comprehensive income	-	-	-	307	(347)	(40)	(32)	(72)	
<b>Total comprehensive loss for the period</b>	-	-	-	(532)	(825)	(1,357)	(37)	(1,394)	
Issue of ordinary shares	140	1,250	-	-	-	1,390	-	1,390	
Issue costs	-	(11)	-	-	-	(11)	-	(11)	
Warrants issued in lieu of finance costs	-	-	(32)	-	-	(32)	-	(32)	
Transfer in respect of warrants exercised	-	-	(35)	-	35	-	-	-	
	140	1,239	(67)	-	35	1,347	-	1,347	
<b>Balance at 30 September 2016 (audited)</b>	<b>6,123</b>	<b>7,666</b>	<b>66</b>	<b>(405)</b>	<b>(12,387)</b>	<b>1,063</b>	<b>(730)</b>	<b>333</b>	



## KERAS RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Total attributable to owners of the Company							Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Foreign exchange reserve £'000	Accumulate d losses £'000	Total £'000			
Balance at 1 October 2016 (audited)	6,123	7,666	66	(405)	(12,387)	1,063	(730)	333	
Loss for the period	-	-	-	-	(2,055)	(2,055)	909	(1,146)	
Total other comprehensive income	-	-	-	(45)	(96)	(141)	(21)	(162)	
<b>Total comprehensive loss for the period</b>	-	-	-	(45)	(2,151)	(2,196)	888	(1,308)	
Issue of ordinary shares	371	1,219	-	-	-	1,590	-	1,590	
Issue costs	-	(36)	-	-	-	(36)	-	(36)	
Share based payment transactions	-	-	-	-	-	-	-	-	
Disposal of subsidiaries with NCI	-	-	-	353	(53)	300	(300)	-	
	371	1,183	-	353	(53)	1,854	(300)	1,554	
<b>Balance at 31 March 2017 (unaudited)</b>	<b>6,494</b>	<b>8,849</b>	<b>66</b>	<b>(97)</b>	<b>(14,591)</b>	<b>721</b>	<b>(142)</b>	<b>579</b>	

KERAS RESOURCES PLC  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 MARCH 2017

	<b>31-Mar-17</b> <b>(unaudited)</b> <b>£'000</b>	<b>31-Mar-16</b> <b>(unaudited)</b> <b>£'000</b>	<b>30-Sep-16</b> <b>(audited)</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
Loss for the period (including discontinued activities)	(714)	(676)	(1,626)
Adjustments for:			
Depreciation and amortisation	72	7	107
Loss on disposal of property, plant and equipment	15	-	-
Foreign exchange differences	(221)	17	(90)
Equity-settled share-based payment transactions	-	-	-
	<u>(848)</u>	<u>(652)</u>	<u>(1,609)</u>
Changes in:			
- inventories	604	-	(604)
- trade and other receivables	174	(23)	(177)
- trade and other payables	(685)	359	942
<b>Cash used in operating activities</b>	<u>(755)</u>	<u>(316)</u>	<u>(1,448)</u>
Finance income	-	-	-
Finance cost	(281)	(31)	(344)
Taxes paid	(69)	-	-
<b>Net cash used in operating activities</b>	<u>(350)</u>	<u>(347)</u>	<u>(1,792)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(2)	-	(21)
Proceeds from sale of property, plant and equipment	-	-	-
Exploration expenditure	(847)	(81)	(286)
<b>Net cash used in investing activities</b>	<u>(849)</u>	<u>(81)</u>	<u>(307)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital	600	70	1,434
Proceeds from short term borrowings	1,362	449	735
<b>Net cash flows from financing activities</b>	<u>1,962</u>	<u>519</u>	<u>2,169</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	8	91	70
Cash and cash equivalents at beginning of period	134	64	64
Cash acquired with subsidiary	1	-	-
Effect of foreign exchange rate changes	-	-	-
<b>Cash and cash equivalents at end of period</b>	<u>143</u>	<u>155</u>	<u>134</u>

## KERAS RESOURCES PLC

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2017

#### 1. Reporting entity

Keras Resources plc is a company domiciled in England and Wales. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group currently operates as an explorer and developer and commenced production at its Australian gold projects in 2016.

#### 2. Basis of preparation

##### (a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements as at and for the year ended 30 September 2016. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 19 May 2017.

##### (b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2016.

#### 3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2016.

#### 4. Financial instruments

##### Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2016.

## 5. Segment information

The Group considers that it operates in two distinct business areas, being that of manganese exploration and that of gold exploration and extraction. The extraction of iron ore is now considered to be a discontinued activity. These business areas form the basis of the Group's operating segments. For each segment, the Group's Managing Director (the chief operating decision maker) reviews internal management reports on at least a quarterly basis.

Other operations relate to the group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment results are used to measure performance as management believes such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

### For the six months ended 31 March 2017 (unaudited)

	Gold £'000	Discontinued Iron Ore £'000	Manga -nese £'000	Other Segments £'000	Total £'000
External revenue	941	-	-	-	941
Loss before tax	(263)	(3)	(34)	(846)	(1,146)
Segment assets	2,667	-	559	504	3,730

### For the six months ended 31 March 2016 (unaudited)

	Gold £'000	Discontinued Iron Ore £'000	Manga -nese £'000	Other Segments £'000	Total £'000
External revenue	-	-	-	-	-
Loss before tax	(244)	(61)	(30)	(717)	(1,052)
Segment assets	1,317	35	892	526	2,770

### For the twelve months ended 30 September 2016 (audited)

	Gold £'000	Discontinued Iron Ore £'000	Manga -nese £'000	Other Segments £'000	Total £'000
External revenue	1,936	-	-	-	1,936
Loss before tax	(830)	(97)	(108)	(1,087)	(2,122)
Segment assets	1,941	22	575	521	3,059

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5. **Segment information (continued)**  
**Information about geographical segments:**

**For the six months ended 31 March 2017 (unaudited)**

	Australia £'000	Discontin- -ued South Africa £'000	West Africa* £'000	Other Segments £'000	Total £'000
External revenue	941	-	-	-	941
Profit/(loss) before tax	(263)	-	(37)	(846)	(1,146)
Segment assets	2,667	-	559	504	3,730

\*Information regarding West Africa includes £3,000 loss before tax and £nil segment assets relating to discontinued activities.

**For the six months ended 31 March 2016 (unaudited)**

	Australia £'000	Discontin- -ued South Africa £'000	West Africa* £'000	Other Segments £'000	Total £'000
External revenue	-	-	-	-	-
Loss before tax	(206)	(18)	(105)	(723)	(1,052)
Segment assets	1,688	9	547	526	2,770

\*Information regarding West Africa includes £43,000 loss and £26,000 segment assets relating to discontinued activities.

**For the twelve months ended 30 September 2016 (audited)**

	Australia £'000	Discontin- -ued South Africa £'000	West Africa* £'000	Other Segments £'000	Total £'000
External revenue	1,936	-	-	-	1,936
Loss before tax	(830)	(12)	(184)	(1,096)	(2,122)
Segment assets	1,940	8	589	522	3,059

\*Information regarding West Africa includes £85,000 loss and £14,000 segment assets relating to discontinued activities.

6. **Seasonality of operations**

The Group is not considered to be subject to seasonal fluctuations.

## 7. Discontinued operations

On 17 February 2017 the Group applied to deregister its South African subsidiary, Moongate 218 (Pty) Limited. An application for deregistration of Southern Mn (Pty) Ltd will be made in due course. On 6 January 2017, the Group disposed of its entire 78.3% interest in Ressource Equatoriales SARL for nil consideration. These actions were taken by the Group as either the licences had expired or it was considered that the operations were no longer viable for the Group. The Group no longer holds iron ore assets. The comparative consolidated statement of profit or loss and OCI have been represented to show the discontinued operations separately from continuing operations.

### Results of discontinued operations

	6 months 31-Mar-17 (unaudited) £'000	6 months 31-Mar-16 (unaudited) £'000	12 months 30-Sep-16 (audited) £'000
<b>Revenue</b>	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	-	-	-
Administrative and exploration expenses	(3)	(61)	(97)
<b>Loss from operating activities</b>	(3)	(61)	(97)
Finance income	-	-	-
Finance costs	-	-	-
<b>Net finance costs</b>	-	-	-
Impairment of assets	-	-	-
<b>Loss before taxation</b>	(3)	(61)	(97)
Taxation	-	-	-
<b>Loss from discontinued operations</b>	(3)	(61)	(97)
<b>Cash flows from (used in) discontinued operation</b>			
	6 months 31-Mar-17 (unaudited) £'000	6 months 31-Mar-16 (unaudited) £'000	12 months 30-Sep-16 (audited) £'000
Net cash used in operating activities	-	-	-
Net cash from investing activities	-	-	-
Net cash flows for the period	-	-	-

## 7. Discontinued operations (continued)

### Effect of disposal on the financial position of the Group

	£'000
Property, plant and equipment	15
Trade and other receivables	1
Cash and cash equivalents	-
Trade and other payables	-
Net assets and liabilities	<u>16</u>
Consideration received	-
Net cash inflows	<u>-</u>

## 8. Intangible assets

	6 months 31 Mar 17 (unaudited) £'000	6 months 31 Mar 16 (unaudited) £'000	12 months 30 Sep 16 (audited) £'000
<b>Cost</b>			
Balance at beginning of period	6,686	5,590	5,590
Additions	1,631	1,050	790
Disposals	(4,705)	-	-
Effect of movement in exchange rates	60	140	306
Balance at end of period	<u>3,672</u>	<u>6,780</u>	<u>6,686</u>
<b>Impairment losses</b>			
Balance at beginning of period	4,645	4,419	4,419
Impairment	-	-	10
Amortisation	65	-	88
Disposals	(4,532)	-	-
Effect of movement in exchange rates	3	-	128
Balance at end of period	<u>181</u>	<u>4,419</u>	<u>4,645</u>
<b>Carrying amounts</b>			
Balance at end of period	<u>3,491</u>	<u>2,361</u>	<u>2,041</u>
Balance at beginning of period	<u>2,041</u>	<u>1,171</u>	<u>1,171</u>

Intangible assets comprise the fair value of mineral exploration rights acquired, the cost of explorations studies and goodwill.

## 9. Business combinations

On 5 October 2016, the Group acquired 100 per cent of the ordinary share capital of Arcadia Minerals Pty Limited (now renamed Keras (Pilbara) Gold Pty Limited), an Australian registered private company. The acquisition was settled by way of cash and a share issue. The acquisition related to the Klondyke Gold Project.

The transaction has been accounted for using the acquisition method of accounting.

The details of the business combination are as follows:

	<b>Book value £'000</b>	<b>Fair value adjustments £'000</b>	<b>Fair value £'000</b>
Mineral rights	266	1,145	1,411
Fixed assets	8	-	8
Bank balances and cash	1	-	1
	<u>275</u>	<u>1,145</u>	<u>1,420</u>
			<b>£'000</b>
<b>Satisfied by:</b>			
Cash			800
Share consideration			620
			<u>1,420</u>

## 10. Property, plant and equipment Acquisitions and disposals

During the six months ended 31 March 2017 the Group acquired assets with a cost of £10,000 (six months ended 31 March 2016: £6,000, twelve months ended 30 September 2016: £27,000).

Assets with a carrying amount of £15,000 were disposed of during the six months ended 31 March 2016 (six months ended 31 March 2016: £nil; twelve months ended 30 September 2016: £nil), resulting in a loss on disposal of £15,000 (six months ended 31 March 2016: £2,000; twelve months ended 30 September 2016: £nil), which is included in 'administrative expenses' in the condensed consolidated statement of comprehensive income.

## 11. Trade and other receivables

	<b>31-Mar-17 (unaudited)</b>	<b>31-Mar-16 (unaudited)</b>	<b>30-Sep-16 (audited)</b>
Other receivables	41	47	37
Prepayments	14	-	15
	<u>55</u>	<u>47</u>	<u>52</u>

Trade receivables and other receivables are stated at their nominal values less allowances for non recoverability.

## 12. Inventories

	<b>31-Mar-17 (unaudited)</b>	<b>31-Mar-16 (unaudited)</b>	<b>30-Sep-16 (audited)</b>
Minerals held for sale	-	-	426
Production stockpile	-	-	178
	<u>-</u>	<u>-</u>	<u>604</u>



### 13. Share capital and reserves

#### Issue of ordinary shares

On 5 October 2016, 100,000,000 ordinary shares were issued at £0.0062 per share as part of the acquisition of the Klondyke Gold Project.

On 26 January 2017, 171,428,571 ordinary shares were issued for cash at £0.0035 per share.

On 21 February 2017 99,810,827 ordinary shares were issued at £0.0037 per share in part settlement of the unsecured loan notes with 8% redemption as detailed in note 14, the balance being settled in cash.

#### Warrants

On 5 October 2017, in connection with the finance agreement set up to acquire the Klondyke Gold Project, £389,350 worth of warrants were granted at a strike price of £0.8501, these are valid for two years from the date of issue.

#### Dividends

No dividends were declared or paid in the six months ended 31 March 2017 (period ended 31 March 2016: £nil, year ended 30 September 2016: £nil).

### 14. Loans and borrowings

	31-Mar-17 (unaudited)	31-Mar-16 (unaudited)	30-Sep-16 (audited)
Unsecured loan notes - 10%	314	314	314
Unsecured loan notes – 8% redemption	-	457	556
Non-convertible loan	133	265	266
Acquisition Finance facility	1,564	-	-
	<u>2,011</u>	<u>1,036</u>	<u>1,136</u>

The loan notes carry interest at 10% per annum and are repayable on demand. This loan was provided to the Company by the Managing Director David Reeves.

The non-convertible loan relates to the closure of the equity swap agreement. It is unsecured and was originally scheduled for repayment on 17 February 2017. This has been extended and is anticipated to be repaid by June 2017.

The Acquisition Finance Facility Agreement was entered into as a bridge funding facility to acquire the Klondyke Gold Project. It's maturity date is six months after initial drawdown, being 3 October 2016, and, prior to maturity, the lender may elect to convert such principal amount of the loan outstanding at a 20% premium to the Company's closing share price on the date of drawdown. On 20 March 2017 the Company and the lender agreed to defer repayment of this facility to the 3 June 2017. A further agreement to defer repayment up to 1 July 2017 was entered into on the 27 April 2017.

### 15. Trade and other payables

	31-Mar-17 (unaudited)	31-Mar-16 (unaudited)	30-Sep-16 (audited)
Trade payables	471	633	496
Accruals	618	256	579
Other payables	51	465	515
	<u>1,140</u>	<u>1,354</u>	<u>1,590</u>

There is no material difference between the fair value of trade and other payables and their book value.

## 16. Subsequent events

On 21 March 2017, the Group announced its plans for the proposed listing of the Company's Australian gold assets on the ASX, this is subject to obtaining all necessary approvals but it is anticipated that the listing will take place in Q2 2017. On 8 May 2017 the Group announced that ASX quoted Pharmanet lodged a prospectus with the Australian Securities and Investments Commission (the "Prospectus") on 5 May 2017. The Prospectus has been lodged in order to raise A\$7.9 million (approximately £4.6 million) as part of the proposed acquisition by Pharmanet of 100% of the issued share capital of the Company's wholly owned subsidiary Keras Australia as previously announced on 21 March 2017. Pharmanet is anticipated to relist as Calidus in June 2017.

On 24 April 2017, the Group raised £530,000 (before expenses) from new and existing shareholders through the placing of 151,428,560 ordinary shares of 0.1p each ('Ordinary Shares') at a placing price of 0.35p per Ordinary Share (the 'Placing Shares') and the grant of 75,714,280 warrants to subscribe for new Ordinary Shares (the 'Placing Warrants') (together the 'Placing'). The Placing Warrants are exercisable at price of 0.5p per warrant, within a 2-year exercise period and the Placing Warrants are conditional on passing of the shareholder resolutions at a forthcoming General Meeting.

On 28 April 2017, the Group announced that it would be holding a general meeting for Shareholders on the 24 May 2017 relating to the proposed acquisition of by Pharmanet of 100% of the issued share capital of the Company's wholly owned subsidiary Keras Australia as previously announced on 21 March 2017.

The Company also announced an extension to the US\$2 million Acquisition Finance Facility Agreement with the Investors as originally announced on 12 September 2016. On 21 March 2017 the Company announced that the maturity date of the Acquisition Finance Facility had been extended until 3 June 2017 (the "Deferral Agreement"). The Deferral Agreement was subsequently amended on 28 April 2017 to extend the maturity date by a further month until 1 July 2017 to allow time for the Transaction to complete.